

COMPLETE TEXT OF REGIONAL MEASURE 4

BALLOT MEASURE

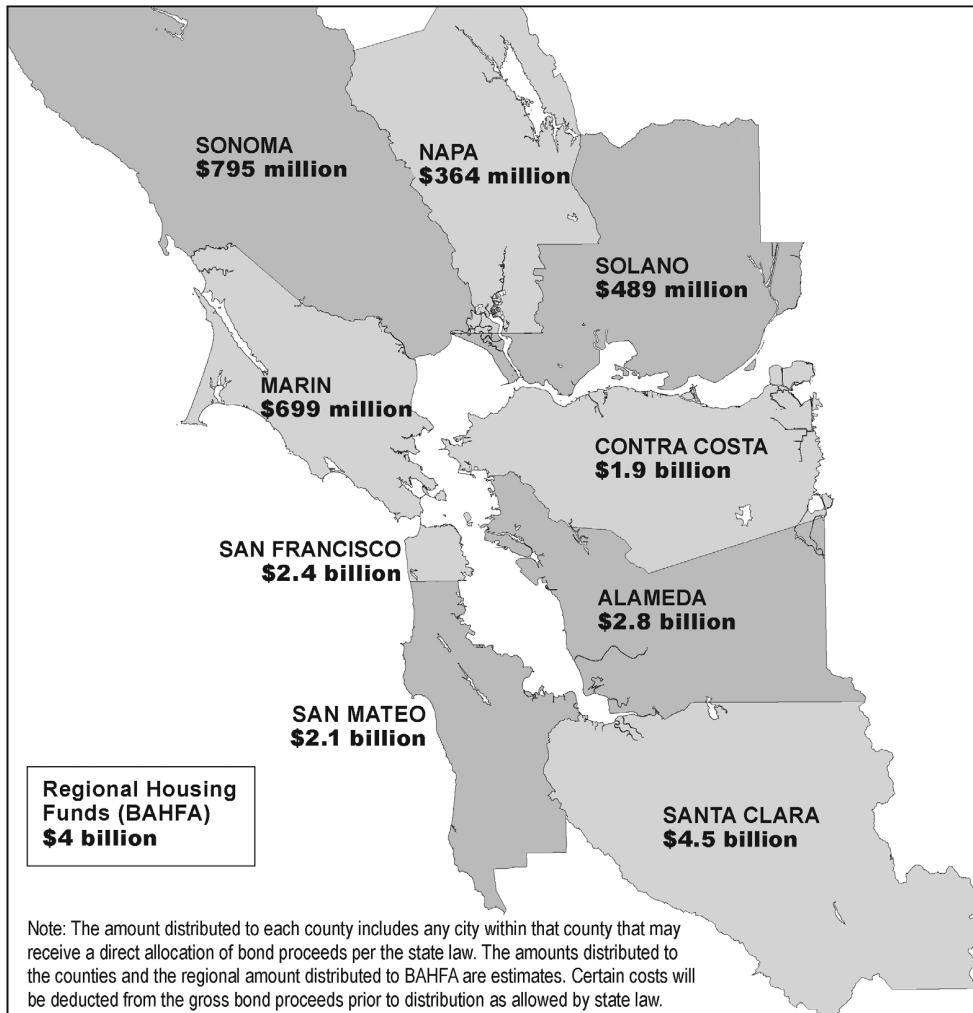
AUTHORIZATION FOR AFFORDABLE HOUSING GENERAL OBLIGATION BOND IN THE AMOUNT OF \$20 BILLION FOR UP TO 90,000 AFFORDABLE HOUSING UNITS FOR THE BAY AREA HOUSING FINANCE AUTHORITY (BAHFA)

The Bay Area faces a housing affordability gap caused by a severe housing shortage. This shortage has created a demand for more homes than exist today, contributing to the high cost of housing and a steady rise in homelessness.¹ Based on a poll conducted in December 2023, BAHFA found that 74% of Bay Area residents were concerned about friends or family being able to find an affordable place to live. In response, BAHFA is placing this general obligation bond authorization for \$20 billion to expand affordable housing options for local workers; vulnerable populations such as seniors, veterans and people experiencing homelessness; and other Bay Area residents. The "Bay Area" includes the counties of Alameda, Contra Costa, Marin, Napa, San Mateo, Santa Clara, Solano and Sonoma; the cities within those counties; and the City and County of San Francisco.

This measure takes a collaborative regional approach in partnership with local governments. It provides funding for every Bay Area county and for regionwide programs to address housing affordability.

It also creates opportunities for the Bay Area to generate ongoing resources to fund more affordable housing after the initial bond proceeds are spent. To provide public accountability and oversight for use of bond proceeds, the bond will have accountability safeguards as described in the program below.

Estimated Distribution to Bay Area Counties for \$20 Billion Bond



COMPLETE TEXT OF REGIONAL MEASURE 4-Continued

DESCRIPTION OF THE PROGRAM²

I. Overview of Decisionmaking and Oversight.

A. Decisionmaking.

BAHFA must adopt an expenditure plan regarding how to allocate its portion of the bond proceeds after it engages in public outreach and public participation. The counties, cities, and city and county receiving a direct allocation of the bond proceeds shall adopt their own expenditure plans for their allocations of bond proceeds after public outreach and public participation. All expenditure plans must be revised on a regular basis after public outreach and public participation as required by state law³ and must comply with Government Code⁴ Section 64650. Expenditure plans may include labor standards for projects receiving bond proceeds.

B. Oversight.

The following accountability measures are required pursuant to Government Code Section 53410 and other applicable provisions of state law:

1. Citizens' Oversight Committee: The Citizens' Oversight Committee shall annually review the expenditure of the proceeds of the bonds for the prior year and shall report to the BAHFA Board whether the proceeds of the bonds were spent in accordance with the purposes set forth in this bond authorization. Members of the oversight committee shall receive any and all training about bonds and fiscal oversight as required by law. The BAHFA Board shall appoint members to the committee. Membership and work of the committee shall be governed by bylaws created by the BAHFA Board.
2. Annual Audits and Report: BAHFA shall provide for the preparation of both an annual, independent performance audit to ensure that the bond proceeds have been expended on authorized programs and projects as set forth herein; and an annual, independent financial audit of the proceeds from the sale of the bonds until all proceeds have been expended as allowed by this bond authorization. These audits may be submitted to the state Auditor for review if required by state law. BAHFA shall prepare and file an annual report with the state Legislature based on these audits. This report and the performance and financial audits shall satisfy the requirements of Government Code Sections 53410, 64652 and any other provisions in state law. BAHFA shall make the audits and annual report described herein available on its webpage.
3. Expenditure of Bond Proceeds: The proceeds of any bonds issued pursuant to this bond authorization shall be applied only to the specific purpose described herein as required by state law.⁵ All projects funded with bond proceeds shall be consistent with applicable state laws on labor standards. The bond proceeds shall not be used for operating expenses. Administrative costs shall not exceed the amount as prescribed in state law⁶. The bond proceeds shall only be spent on projects and programs that serve the jurisdiction of BAHFA. Fees and charges levied in

conjunction with a financial product funded by bond proceeds issued pursuant to this bond authorization, and any interest on loans made by BAHFA, shall be expended consistent with BAHFA's purpose and state law.

4. Alternative Funding Sources: BAHFA has evaluated alternative funding sources and has found that they are insufficient to cover the funding shortfall to address the Bay Area's affordable housing needs.
5. Special Bond Proceeds Account: BAHFA shall create an account into which the bond proceeds shall be deposited.
6. Conflicts of Interest: Any public official who has voted to send this ballot measure to the voters will be prohibited from bidding on any work funded with bond proceeds from this bond authorization as prescribed in state law.

II. Purpose and Goal.

The purpose of the bonds to be issued pursuant to this bond authorization is to fund the acquisition or improvement of real property as allowed by the California Constitution and the San Francisco Bay Area Regional Housing Finance Act⁷ (the "Act") for affordable housing, including but not limited to: affordable housing production, affordable housing preservation, and "Housing Related Uses," (such as home ownership programs to enable low- or moderate-income households to become or remain homeowners, public infrastructure associated with increased housing production, improvements necessary or incidental to affordable housing, and programs to address homelessness). The goal is to address the housing shortage in the Bay Area by delivering critically needed funding to affordable housing projects across the Bay Area and technical assistance through a self-sustaining regional agency. This purpose and goal satisfy the specific purpose as required by state law⁸.

III. Categories of Eligible Expenditures to be Funded.

Pursuant to Government Code Section 64650, the categories of eligible expenditures for bond proceeds include production of affordable housing ("Production"), preservation of affordable housing ("Preservation"), and to the extent allowed by the California Constitution, tenant protections ("Tenant Protections"). To the extent minimum allocations to the expenditure categories have been satisfied as required by Government Code Section 64650, the remaining bond proceeds may be expended on Housing Related Uses as allowed by the California Constitution and state law. Expenditures on administrative costs and election costs are limited as prescribed in Government Code Section 64650 and state law.

IV. Estimate of Minimum Funding Levels by Expenditure Category for Each County.

Each county and any city receiving a direct allocation of bond proceeds shall allocate a minimum of its bond proceeds as follows: 52% to Production, 15% to Preservation, and 5% to Tenant Protections, if allowed by state law. Bond proceeds shall be allocated in accordance with Government Code Section 64650.

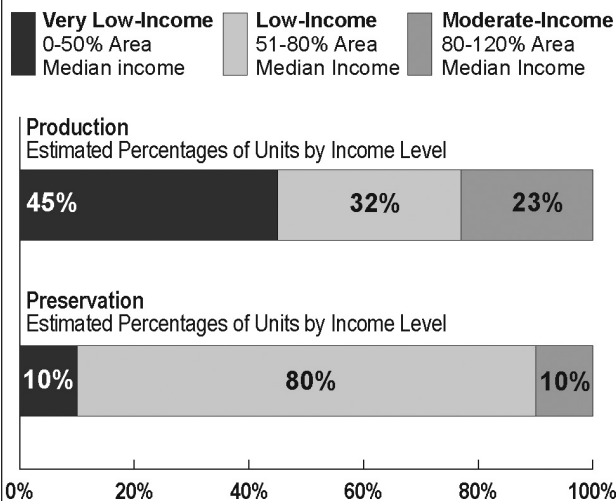
COMPLETE TEXT OF REGIONAL MEASURE 4-Continued

If state law does not allow for bond proceeds to fund Tenant Protections at the time of expenditure, the minimum allocation for Tenant Protections may be modified and redistributed to other expenditure categories as prescribed in the Act. Pursuant to Government Code Section 64650, estimated minimum allocations for expenditure categories may be adjusted if, after public outreach and public participation, both the BAHFA Board and the Executive Board of the Association of Bay Area Governments in its role as the Executive Board to BAHFA approve the adjustment by 2/3 vote.

V. Estimated Number of Affordable Housing Units to be Built and Preserved.

For purposes of compliance with Article XXXIV of the California Constitution, bond proceeds will be used for up to 90,000 affordable housing units throughout the Bay Area. The actual numbers of affordable housing units to be built or preserved in each income category will vary based on market conditions.

Estimate of Affordable Housing Units by Category and Income Level



Additional affordable housing units may be constructed or preserved as the principal and interest from the bond proceeds are repaid and reinvested. Any necessary environmental review required by the California Environmental Quality Act⁹ shall be completed before a specific project is commenced.

VI. Appropriations Limit.

The appropriations limit for BAHFA shall be established based on receipts from this bond authorization in accordance with Government Code Section 64521(b)(2) and other applicable state law.

VII. Interpretation.

BAHFA has found that Assembly Constitutional Amendment No. 1 (2023) ("ACA 1") is applicable, and this bond authorization satisfies ACA 1 requirements. If ACA 1, as it may be amended, passes at the November 5, 2024, election and this ballot measure passes with at least 55% of qualified electors voting in favor of it, this bond authorization is to be interpreted and construed in a manner that complies with ACA 1.

VIII. Severability.

Every section, paragraph, sentence and clause of this ballot measure has independent value, and each provision hereof would have been adopted regardless of every other provision hereof. Upon approval of this measure, should any part be found by a court of competent jurisdiction to be invalid for any reason, all remaining parts hereof shall remain in full force and effect to the fullest extent allowed by law.

Endnotes

- 1 Per BAHFA's findings in BAHFA Board Resolution No. 34.
- 2 The headings and title are included for convenience. The actual terms and provisions of this measure will govern in the event of any conflict or ambiguity with the headings or title.
- 3 All references to "state law" are to California state law.
- 4 All citations to the Government Code herein refer to the California Government Code, and any successor provision thereto.
- 5 See, e.g., Government Code § 53410.
- 6 See, e.g., Government Code § 53410.
- 7 Government Code § 64500, et seq.
- 8 See, e.g., Government Code § 53410.
- 9 California Public Resources Code § 21000, et seq.